



VI Semester B.C.L.S. Examination, September/October 2022
(CBCS Scheme)
COMMERCE
Paper – 6.4 : Management Accounting

Time : 3 Hours

Max. Marks : 70

Instruction : Candidate should write the answers in **English** only.

SECTION – A

1. Answer **any five** questions. **Each** question carries **2** marks. **(5×2=10)**

- a) What is common size statement ?
- b) What is internal analysis ?
- c) What is cash flow statement ?
- d) State any four components of current liabilities.
- e) State any four profit and loss account ratios.
- f) Gross profit ratios = 20% on sales, gross profit Rs. 50,000. Calculate cost of goods sold.
- g) What is return on capital employed ?

SECTION – B

Answer **any three** questions. **Each** question carries **6** marks. **(3×6=18)**

2. Prepare a schedule of changes in working capital from the following :

Particulars	31-3-2019	31-3-2020
Sundry creditors	90,000	1,00,000
Tax payable	60,000	60,000
Outstanding expenses	30,000	38,000
Bills payable	20,000	18,000

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Sundry Debtors	60,000	1,25,000
Stock	29,000	34,000
Bills Receivable	5,000	4,000
Work-in-progress	3,000	5,000

3. Briefly explain the advantages of Management Accounting.

4. Given :

Current Ratio = 1.4

Liquid ratio = 1

Stock turnover Ratio (Closing Stock) 7 times Gross profit = 25%.

Sales for the year Rs. 10,00,000

From the above, calculate working capital.

5. From the following information, prepare a Comparative Income Statement.

Particulars	31-3-2019	31-3-2020
Sales	10,00,000	8,00,000
Cost of goods sold	6,00,000	4,00,000
Adm. selling and distribution expenses	2,00,000	1,40,000
Other incomes	40,000	20,000
Income Tax	1,20,000	1,40,000
Interest on debt	50,000	50,000

6. From the following details find out funds from operation/funds lost in

Particulars	Rs.
P and L A/c balance as on 1-4-2017	7,54,450
P and L A/c balance as on 31-3-2018	8,45,650
Depreciation on plant and machinery	47,740
Profit on Revaluation on Investments	34,430



Goodwill written off	25,070
Preliminary expenses written off	61,250
Provision for Tax	25,520
Proposed Dividend	62,250
Profit on sale of buildings	85,560
Dividend – received	41,140
Interest on Investments	9,050

SECTION – C

Answer **any three** questions. **Each** question carries **14** marks. **(3×14=42)**

7. The following Balance Sheet are given :

Liabilities	2020	2021	Assets	2020	2021
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Redeemable pref. capital	1,50,000	1,00,000	Land and Building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit and Loss Account	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills Receivable	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for taxation	40,000	50,000	Cash at Bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000



It is also given that :

- a) Depreciation of 20,000 on land and building and 10,000 on plant has been charged in 2021.
- b) Interim dividend of ₹ 20,000 has been paid in 2021.
- c) Income tax ₹ 35,000 has been paid during 2021.

Prepare statement of sources and applications of funds and statement of changes in working capital.

8. The following Balance Sheet are given :

Liabilities	2020	2021	Assets	2020	2021
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Redeemable pref. capital	1,50,000	1,00,000	Land and Building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit and Loss Account	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills Receivable	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for taxation	40,000	50,000	Cash at Bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000



It is also given that :

- a) Depreciation of 20,000 on land and building and 10,000 on plant has been charged in the year 2021.
- b) Interim dividend of ₹ 20,000 has been paid in 2021.
- c) Income tax ₹ 35,000 has been paid during 2021.

Prepare Cash Flow Statement for the year 2021.

9. The following are the summarized Trading A/c and Profit and Loss A/c and Balance Sheet of Shekar Ltd. for the year ended 31-12-2021.

Trading and Profit and Loss Account for the year ended 31-12-2021.

Liabilities	Rs.	Assets	Rs.
To Opening stock	1,20,000	By closing stock by sales	80,000
To Purchases	3,80,000	By Sales	6,00,000
To Gross Profit	1,80,000	-	-
	6,80,000		6,80,000
To General expenses	40,000	By Gross Profit	1,80,000
To selling expenses	20,000	By Rent received	5,000
To Income tax	30,000	-	-
To Net profit	95,000	-	-
	1,85,000		1,85,000

Balance Sheet as on 31-12-2021

Liabilities	Rs.	Assets	Rs.
Share capital	4,00,000	Fixed Assets	2,70,000
General Reserve	80,000	Investments	1,40,000

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Profit and Loss A/c	1,20,000	Stock	80,000
Creditors	80,000	Debtors	1,60,000
Bills payable	40,000	Cash	70,000
	7,20,000		7,20,000

Compute : Current ratio, Acid test ratio, Stock turnover ratio, Debtors turnover ratio, Creditors turnover ratio, Gross profit ratio, Net profit ratio.

10. Balance Sheet as at 31-3-2021 of 'A' Co. Ltd. and 'B' Co. Ltd. are given below :

Liabilities	'A' Co. Ltd.	'B' Co. Ltd.	Assets	'A' Co. Ltd.	'B' Co. Ltd.
Equity share capital	3,00,000	5,00,000	Land		
			and buildings	4,00,000	6,25,000
10% P. share capital	1,00,000	1,50,000	Plant and machinery	1,80,000	4,20,000
Long term loan	2,00,000	2,00,000	Stock	2,50,000	3,00,000
Reserves and surplus	1,00,000	1,20,000	Sundry debtors	1,00,000	1,35,000
Proposed dividend	60,000	90,000	Cash at bank	80,000	40,000
Sundry creditors	2,50,000	4,10,000			
Bank O/D	-	50,000			
	10,10,000	15,20,000		10,10,000	15,20,000

You are required to prepare Common Size Balance Sheet and comment.

11. State with reasons whether the following transactions result in increase decrease of working capital or do not affect the working capital.

a) A company issued debenture for Rs. 2,00,000.

b) Creditors took over investments Rs. 17,500.



- c) Stock Rs. 10,000 was sold for Rs. 15,000.
 - d) Income tax paid Rs. 25,000.
 - e) Underwriting commission paid Rs. 6,000.
 - f) Machinery purchased by issue of equity shares for Rs. 60,000.
 - g) Investment Rs. 50,000 were sold for Rs. 15,000 (Assumed investments are long term).
 - h) Rs. 40,000 was transferred from P and L A/c to general reserve.
 - i) Creditors Account for Rs. 40,000 were settled at 5% discount.
 - j) Amount paid for Insurance Rs. 7,000 includes Rs. 1,500 pre-paid insurance.
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